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# MEMORIAL

To His Excellency

# EDWIN S. STUART

Governor of the Commonwealth of Pennsylvania

From the

# Trades League of Philadelphia

Adopted February 14, 1907

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Hon. Edwin S. Stuart,

*Governor of the Commonwealth of Pennsylvania.*

Your Excellency: Your petitioners, the Trades League of Philadelphia, have the honor to submit the following statement, relative to the transportation interests of this State, with the hope that the great importance of the subject may merit your personal consideration and definite action resulting in early relief.

## PHYSICAL RESOURCES.

* Pennsylvania is to-day first of all the States in the production of iron and steel and of coal and coke—and probably first in the manufacture of silk. It has long been first in the production of leather and glass. It is first in the output of Portland cement, firebrick and tiles. Also in the manufacture of locomotives, railroad cars and saws, and is the only State that makes armor plate. It is first in the production of limestone and roofing slate, as well as in the value of many of its agri-

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*See "The Bulletin," Am. Iron & Steel Association.—Jas. M. Swank, Ed., Dec. 31, 1906.

cultural products. It is second in the total value of all textile products and in chemicals, and fourth in the production of lumber and all kinds of paper.

These great resources and products must find their markets, in large part, beyond the confines of the State, and the ability to do so must depend largely upon the cost of transportation, not only within the State, but beyond it.

## FUNDAMENTAL PROPOSITIONS.

The distance any commodity may be carried is measured by the margin existing between the cost of production and the market price at place of consumption; this distance is known as the market range.

The greater this margin, the longer will be the haul at a given unit price per ton mile.

As the cost per mile is reduced for a given margin, the greater will become the market range.

These basic principles do not appear to be as fully understood by those representing the interests of the State as by the Masters of Transportation, and the question is of such material importance as to merit the further submission of the following facts for the public enlightenment.

It is manifest that if legislation is to be relied upon to regulate the rates charged for transportation, then it will become necessary for the railroads to regulate legislation to a much greater extent than at present.

The enormous interests which the people of this country have confided to the management of the railroad corporations are such as to require that these interests be protected from injurious legislation, so that their representatives are to be found in all legislative assemblies of the country, from the Capitol at Washington to the borough or town council, and so potent have these interests become that they not infrequently dominate the policies of government.

These influences have greatly restricted the improvement of the natural channels of commerce to their own injury, as well as that of the public, by destroying a helpful auxiliary and compelling the consumer to pay a higher rate while the roads must charge less than otherwise to keep the mills in motion.

The remedy is forcing itself upon the attention of all parties at interest in consequence of the inability of the overland carriers to provide for the enormous increase in tonnage—an increase far greater than the capacity of the railroads which are attempting to handle it, so that they are now looking for relief by the restoration of the waterways to take the low grade bulky freight, which can be carried by water at from one-third to one-tenth of the cost by rail.

The great economical possibilities of the segregation of the tonnage to its natural channels will be seen at once from a statement of the cost of carriage over different media.

## RELATIVE COSTS OF TRANSPORTATION.

It has been determined from extensive data officially collected that the average costs of moving one ton, one mile, over or upon various surfaces are as follows:

On earth roads by animal power, twenty-five cents per ton mile.

On railroads (1906), seven mills and eight-tenths per ton mile.

On canals, between two and three mills per ton mile.

On rivers and slackwater navigations, about one mill per ton mile.

On the Great Lakes or open ocean, less than three-fourths of a mill.

In some instances, at high stages, coal and lumber have been transported thousands of miles down stream at a cost of one-third of a mill, or one-twenty-third of the rail rate, thus extending the range to market in the same ratio.

As the canal rate is but one-third of that by rail, it is evident that wherever it may be utilized, it will effect an economy of about sixty-six per cent. and treble the distance which the commodity may be carried. This is illustrated by the conditions which existed upon the Schuylkill Navigation under corporate management, when independent of the lease to the Reading Railroad. Then the charges for transportation from the mines on anthracite coal ranged from forty to seventy cents per ton, whereas now they are from $1.50 to $1.75, or three times as great.

This charge for fuel transport enters into the cost of all manufactures and limits distribution, as well as increases the cost of living, for which there is no economic return, either to the railroads or to the public.

Furthermore, it is a well-established fact that the margin available in low-grade products is so small that they will not bear even the low cost of movement by rail, and hence industries, otherwise possible, are rendered inert.

An analysis covering a period of sixty years of the traffic on the New York State canals shows that the average value per ton of the commodities carried were as follows:

Forest, $10.95; agriculture, $37.82; manufactures, $37.03; merchandise, $307.50; other articles, $12.29; average of all, $38.45; and the percentages of these groups which were transported upon that waterway were respectively: 25 per cent., 22 per cent., 4 per cent., 7 per cent., 42 per cent.; total, 100 per cent.

These figures serve to show conclusively that it is not the function of the canal to carry merchandise and high grade freights, but that over 67 per cent. of the traffic had an average value of less than $16.00 per ton, and reciprocally it was proven by a similar analysis of the traffic on one of the great transcontinental railway systems that the volume of its freight bore a direct relation to its value, and that over 75 per cent. of its tonnage consisted of commodities valued at more than $16.00 per ton.

Again, it is officially reported that the average value per ton carried on the Great Lakes is only $10.60; the average length of haul was 843 miles and the cost per ton mile was only 0.81 mills, or, for the entire average distance, only 68 cents. This is but little more than *one-tenth* of the average rail charge of .78 cents per ton mile, which, if applied to the 843 miles, would make the charge of $6.57 per ton, or more "than the traffic would bear," and would close the iron and steel mills of the lake region and freeze out the population.

In short, no railroad manager whose lines have to contend with the so-called "ruinous competition" of the lakes, would for a moment consent to the extermination of this great system of waterways, which enables the railroads to segregate

their tonnage, and while charging a lower rate on bulky freight than the roads of any other group in the United States, still are enabled to make larger returns and to pay higher dividends.

As this is not an isolated experience, but is repeated in every quarter of the globe, it is respectfully submitted that the attitude of this Commonwealth in permitting over 700 miles of her canals and improved waterways, which it had cost over $33,000,000 to build, to be eliminated, has been an indefensible and ruinous policy and has retarded the developments of the great resources of this State, and driven manufacturers to seek locations beyond her borders, under more favorable conditions, where they may have the benefit of cheaper waterways.

The State is now very wisely expending large sums to improve the condition of her highways, whereby great economies may be effected and they may be made important feeders to the railroads at all seasons of the year; yet, without incurring heavy expenditures, in reducing grades and other resistances and for drainage, these economies would be relatively insignificant as compared with those of a free and level waterway, which would be open to all carriers alike and which it would cost much less to improve and maintain under a well-organized administration.

Even under the best conditions, the cost of traction on highways cannot be reduced much below 12 cents per ton mile for horse power, which is still about fifty-fold greater than the water rates.

The lease of the Delaware and Raritan Canals, connecting the Delaware River with the Hudson and Great Lakes system, to a Pennsylvania Railroad Corporation, for a period of 999 years, has had the effect of reducing the tonnage of this important avenue of trade between two of the greatest commercial cities of the seaboard from about 4,000,000 tons to less than one-tenth of that amount and from dividends exceeding 20 per cent. to an annual deficit, yet for the privilege of diverting this traffic the company has guaranteed a 10 per cent. interest on its securities, which is not earned, and the rates and dimensions of the canal are such that it is of little service to the State, the lessee or the public, which must pay for this deficit by the higher rail rates. Without remedial legislation or the

exercise of the sovereignty of the State or the Nation, over one of its creatures (the said corporation), there appears to be no relief for an indefinite future. Yet the canal must be maintained to preserve its charter, as well as that of the Camden and Amboy Railroad, built under a joint act of the Legislature.

As there is not yet a 26-foot channel in the Delaware River, at M. L. W. (the only direct outlet by water of this great State to the sea for foreign commerce), and as the three canals connecting the port of Philadelphia with the coal deposits and coast-wise cities, are wholly inadequate because of their limited dimensions and restrictive tolls to furnish the necessary relief, and as similar conditions exist at the western extremity of the State, due to the absence of even a four-foot navigation, at low stages of the Ohio, it would seem that provision should be made to restore and enlarge the navigable waterways within and beyond the limit of this great Commonwealth, under your wise and efficient administration, in connection with the laudable efforts now making to better the conditions of the public highways.

For this purpose it would seem desirable that the bill now pending, proposing to amend Section 4 of Act III of the Constitution, for improving the highways of the Commonwealth, be amended to include the canals and waterways of this State or that they be placed under the authority and control of the Canal Commission, created by the Act of May 8th, 1889, with enlarged powers.

Moreover, as the State of New York is enlarging her canals at an expense of $101,000,000 for the public weal, and in connection therewith, as it is proposed to rehabilitate the Delaware and Raritan and the Chenango and Chemung Canals, portions of which are in Pennsylvania, it is important to provide for co-operation in the restoration of these outlets from the great fuel deposits of the State by water, as formerly, and to further develop and utilize the water powers of the Commonwealth for cheap manufacturing sites in the interior, as has been so successfully done in Germany, France and other countries.

In view of the neglected condition of our waterways and

water powers, your petitioners have the honor to request that you will recommend that the Canal Commission of Pennsylvania be authorized and empowered to carry out the recommendations of the State Water Supply Commission, providing for the restoration of the waterways and water-powers of this Commonwealth, and for the preparation of a system of general laws regulating the incorporation of canal and water companies and providing for the construction of canals and waterways under such broad, liberal and specific provisions as to afford encouragement to investors to meet the requirements of modern commerce and transportation.

Respectfully Submitted,

LEWIS M. HAUPT,
Chairman.

THOMAS DEVLIN,
JOHN C. SULLIVAN,
E. L. BLABON
DAVID C. LEAS.

Attest:

N. B. KELLY,
Secretary.